

36

CITY COMMISSION MINUTES

January 4, 2011

7:00p.m.

The regular meeting of the Junction City City Commission was held on Tuesday, January 4, 2011 with Mayor Mike Rhodes presiding.

The following members of the Commission were present: Terry Heldstab, Scott Johnson, Mike Rhodes, Ken Talley, and Jack Taylor. Staff present was: City Manager Gerry Vernon, City Attorney Catherine Logan, and City Clerk Tyler Ficken.

PUBLIC COMMENT

John Stewart asked whether the \$30,000.00 that went to the golf course was in addition to the .25 to .5 mills that they receive in the budget. City Manager Vernon stated that the \$30,000 was to put the golf course into the black. John Stewart asked what the Golf Reserve fund is for. Finance Director Beatty stated that the Golf Fund is not a tax levied fund. Finance Director Beatty stated that the Golf Reserve Fund is an attempt to make future improvements to the golf course; money from the Golf Reserve Fund has been transferred back to the Golf Fund to cover operations. Commissioner Johnson asked if the golf course lost approximately \$30,000.00. Finance Director Beatty stated that the numbers are not final, but \$30,000.00 is approximately correct.

Robert Spitari stated that he could do a 15 minute energy audit for the City. He stated that there are 40 high wattage bulbs on at the 12th Street Community Center as well as the Rather Stadium parking lot. He stated that there are unnecessary lights from 5th to 10th street. Finance Director Beatty stated that the energy audit being conducted by Schneider Electric will address savings on lighting.

Garold Gerloff stated that the item on the agenda regarding trash is another opportunity of the City to increase utility rates; already increased are sales tax, stormwater, court fines, and recreation fees. He stated that Schneider is doing an audit because they expect a contract from the City. Commissioner Johnson stated that the fees are in lieu of tax increases.

Debra Johnson asked if taxes need to be paid prior to a building permit being issued; is everyone treated the same? City Manager Vernon stated that property taxes need to be current for a building permit to be issued, and people are treated the same. Debra Johnson stated that there needs to be a change in the way the stormwater fee is charged because some housing complexes are being charged \$40.00 for multiple meters.

CONSENT AGENDA

The consideration and approval of **Appropriation Ordinance A-1-2011** dated December 16th to December 29th, 2010 in the amount of \$952,796.66. Commissioner Taylor moved, seconded by Commissioner Johnson to approve the Consent Agenda as presented. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

Approval of the **December 21, 2010** City Commission Meeting Minutes. Commissioner Taylor moved, seconded by Commissioner Johnson to approve the Consent Agenda as presented. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

SPECIAL PRESENTATIONS

Berberich Trahan & Co. to present the 2009 audit. **(Exhibit A)** City Manager Vernon stated that the auditors were told not to hold any punches in the audit. Commissioner Johnson asked how difficult it would be to begin with purchase orders. City Manager Vernon stated that the city has that capability. Commissioner Taylor requested that the audit be uploaded to the City website. Finance Director Beatty stated that a final report will be available to upload within a few days. Finance Director Beatty stated that the City should expect a 2010 audit with similar concerns. Commissioner Taylor requested that Finance Director Beatty remind the Commission of this when the time comes.

Mayor Rhodes presented a Martin Luther King Jr. Proclamation.

UNFINISHED BUSINESS

The consideration and approval of Charter Ordinance #40 to amend Charter Ordinance #34 to change deposit of officer training funds to the law Enforcement Training Fund #54 (fka DARE Fund), instead of the General Fund (final reading) **Cheryl Beatty Presenting**. Commissioner Talley moved, seconded by Commissioner Taylor to approve Charter Ordinance #40 on final reading. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

The consideration and approval of **G-1080** to amend the city code to adopt new refuse rates (final reading) **Cheryl Beatty Presenting**. Commissioner Johnson moved, seconded by commissioner Talley to approve G-1080 on final reading. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

The consideration and approval of **G-1094** to amend city code to make penalty clauses more uniform throughout the code book (final reading) **Cheryl Beatty Presenting**. Commissioner Talley moved, seconded by Commissioner Taylor to approve G-1094 on final reading. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

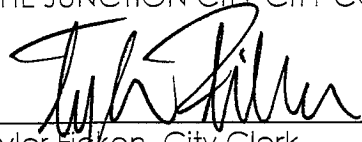
COMMISSIONER COMMENTS

STAFF COMMENTS

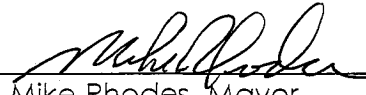
ADJOURNMENT

Commissioner Talley moved, seconded by Commissioner Taylor to adjourn at 8:13 PM Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: None. Motion Carried.

APPROVED AND ACCEPTED THIS 18th DAY OF JANUARY 2011 AS THE OFFICIAL COPY OF
THE JUNCTION CITY CITY COMMISSION MINUTES FOR JANUARY 4th, 2010.



Tyler Ficken, City Clerk



Mike Rhodes, Mayor

Exhibit A



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountant

January 3, 2011

To the City Commission and Management
City of Junction City, Kansas

In planning and performing our audit of the financial statements of the City of Junction City, Kansas (the City) as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the City's internal control to be a material weakness.

The City's internal controls were not designed and implemented in a manner that provided for the safeguarding of assets, execution of transactions in accordance with management's authorization, and preparation of financial statements in accordance with GAAP. The City did not have a finance director during the year, and the accounting staff of the City did not have an adequate knowledge of GAAP or internal control. The City also had inadequate segregation of duties in several different cycles, and bank reconciliations and journal entries were not reviewed by an employee other than the preparer.

Following are more detailed explanations of what is included in the material weakness described above and recommendations to correct these weaknesses.

Audit Adjustments

Many significant adjusting entries were required to correctly state account balances at year end. These adjusting entries were identified through the audit process. This was due to the City having an overall lack of qualified accounting staff including a qualified finance director as well as reconciliations of account balances not being performed by City staff. We recommend that reconciliations of all balance sheet account balances be performed in a timely manner and all necessary adjustments be posted to the general ledger.



Receivable Reconciliations to the General Ledger

During the course of our audit, we were able to obtain a complete year-end receivable detail but not without an extensive reconciliation process by City personnel. A number of large receivable balances were carried on the books as accounts receivable for many years when they were in fact not collectible or were unsubstantiated. We recommend that receivable balances be reviewed and reconciled on a timely basis and uncollectible amounts be written off the books in a routine and timely fashion.

Accounts Receivable Adjustments - Segregation of Duties

Adjustments to customer accounts can be and are recorded by employees who take cash payments from customers. One of these employees also performs the bank reconciliation that is not reviewed by another employee. We recommend that the employees with the ability to record adjustments to customer accounts not participate in the handling of cash receipts.

Purchase Order and Receiving System

Currently, the City does not use a purchase order and receiving system. A purchase order system insures that all goods acquired are in accordance with management's authority. It is our recommendation that the City adopt a true purchase order and receiving system.

The first step in the normal purchasing cycle is the specification of products or services needed, quantities needed, and delivery requirements. The basic form on which such needs are specified is the purchase requisition. A purchase order form is then used to place an order with a vendor.

The design of the purchase order must communicate the whole intent of the order as clearly and completely as possible. Once it is accepted by the vendor, it constitutes a binding contract. Therefore, all terms or conditions included on the form should be clearly defined. The purchase order should be a multi-part form. The original is sent to the vendor, if applicable. One copy is retained by the accounting department for their records. A third copy is forwarded to the purchasing department.

A receiving memo is generated by the mail room or department that receives the goods. This form records the quantity and description of items received. This form, along with the packing slip, is forwarded to the purchasing department as notice of receipt with a copy retained by receiving department.

Segregation of Duties

An important aspect of control in any accounting system is segregation of duties. During 2009, one employee performed the bank reconciliation each month and created and entered journal entries, including any line item budget adjustments. The reconciliation and journal entries are not reviewed by another employee. This employee also has access to printed and signed accounts payable checks before they are mailed. We recommend that all bank reconciliations and journal entries be thoroughly reviewed by another employee and that the employees who have access to the signed and printed accounts payable checks not perform incompatible functions.



Another employee has the ability to create new vendors in the payables system, enter invoices to be paid, and print signed checks. We recommend that these incompatible duties be segregated to further safeguard the assets of the City.

In addition, one employee enters new employees, performs payroll maintenance, enters and processes payroll and performs a self-review of the completed payroll register. We recommend that these incompatible duties be segregated and/or additional checks and balances be implemented into the payroll process.

Accounts Payable

The City has a history of miscoding expenditures to incorrect general ledger accounts. We recommend that a purchase order system be implemented as described above and that the appropriate levels of management with knowledge of the chart of accounts review and approve the coding of the expenditures. Accounts payable cutoff is also performed using the date of the invoice. We recommend that payables be recorded based on when the expenditure was incurred (date of service) rather than the date the invoice was prepared. We also recommend that the City reconcile the accounts payable per the general ledger to the subsidiary ledger on a monthly basis.

Purchasing Cards

The City has an inordinate number of purchasing cards and the purchasing card policy of the City is not being followed on a consistent basis. We noted several instances where supporting receipts were not turned in by the cardholder, purchases were made that exceeded the cardholder's transaction limit, purchases were split into several smaller amounts to circumvent the transaction limit set for the card, and monthly transaction logs were not signed off on as being reviewed by the appropriate supervisor. We recommend that the City enforce the purchasing card policies that have been put in place.

Budgetary Compliance and Fiscal Responsibility

For the year ended December 31, 2009, actual expenditures and transfers out exceeded budgeted appropriations in the general fund, special highway fund, capital improvement fund, debt service fund, military affairs fund, fire equipment reserve fund, drug & alcohol fund, and law enforcement trust fund. In addition, the special highway fund, capital improvement fund, utility charges fund, and home build USD 475 fund had deficit fund balances at year end. We recommend that the City comply with Kansas statutes in regards to budgetary compliance and fund balance reserves.

* * * * *

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

City Commission and Management
City of Junction City, Kansas
January 3, 2011
Page 4



The City's written response to the material weakness identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the City Commission and management and is not intended to be and should not be used by anyone other than these specified parties.

Finally, we wish to express our appreciation to the City's personnel for their assistance and cooperation during our audit.

Very truly yours,

BERBERICH TRAHAN & CO., P.A.

Karen K. Linn
Director

KKL:tls



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountant

To the Honorable Mayor and City Commission of
City of Junction City, Kansas

We are pleased to present this letter related to our audit of the financial statements of the City of Junction City, Kansas (the City) for the year ended December 31, 2009. Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

1. The Auditor's Responsibility under Professional Standards

Our responsibility under auditing standards generally accepted in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States; the provisions of the Single Audit Act; OMB Circular A-133; OMB's *Compliance Supplement* and the Kansas Municipal Audit Guide has been described to you in our arrangement letter dated November 23, 2009. We were not engaged to, and did not, audit the financial statements of the aggregate discretely presented component unit opinion unit.

2. Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City. The City did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period. In the current year, the City adopted the following Governmental Accounting Standards Board (GASB) Statement:

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, establishes standards for the measurement, recognition and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The term "other postemployment benefits" refers to postemployment benefits other than pension benefits and includes (a) postemployment healthcare benefits and, (b) other types of postemployment benefits (i.e., postemployment healthcare benefits and, (b) other types of postemployment benefits (i.e., life insurance) if provided separately from a pension.

3. Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

4. Alternative Treatments Discussed with Management

We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.

5. Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Accounting Estimates."

6. Audit Adjustments

Audit adjustments recorded by the City are attached with the representation letter attached to this letter. A number of these audit adjustments were related to prior periods and therefore were recorded as prior period adjustments. See additional discussion of these prior period adjustments in Note 1 to the financial statements.

7. Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

8. Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

9. Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

10. Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management during the audit. However, we encountered difficulties during the audit in the following areas:

- a. A number of receivable balances were not properly recorded in the current year or prior year.
- b. A number of other receivable balances recorded in prior years could not be substantiated or had been uncollectible for a period of time, and therefore were written off.
- c. We identified over \$ 860,000 of unbooked accounts payable at year-end. Also, there were accounts payable balances that have been carried on the books for several years that could not be substantiated and therefore were written off.
- d. A detailed review of historical costs of capital assets had to be performed as we noted that noncapitalizable costs had been included in capital asset values. Also, many capital projects were not properly split between opinion units.
- e. Numerous other balance sheet accounts had not been reconciled therefore additional work was necessary to derive the proper balance and record the necessary adjustments.

11. Communication of Significant Deficiencies and Material Weakness

We have separately communicated the significant deficiencies and material weakness identified during our audit of the financial statements, and this communication is included within the compliance section of the City's financial report for the year ended December 31, 2009.

12. Certain Written Communications Between Management and Our Firm

Copies of certain written communications between our firm and management of the City are attached to this letter.

This report is intended solely for the information and use of the Mayor and Members of the City Commission, and management and is not intended to be and should not be used by anyone other than the specified parties. We would be pleased to respond to any questions you have regarding this letter. We appreciate the opportunity to be of service to the City.

Berberick Trahan & Co., P.A.

January 3, 2011

City of Junction City, Kansas
Summary of Accounting Estimates
Year Ended December 31, 2009

Area	Accounting Policy	Estimation Process	Comments
Net OPEB Obligation	The net OPEB obligation is computed by an independent actuarial firm. The disclosure is based upon numerous assumptions and estimates, including the expected rate of investment return, the interest rate used to determine present value and medical care cost trend rates.	The rate of return is based on historical and general market data.	The estimate appears reasonable.



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

January 3, 2011

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City Commission and Management
City of Junction City, Kansas
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BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

The City's written response to the material weakness identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the City Commission and management and is not intended to be and should not be used by anyone other than these specified parties.

Finally, we wish to express our appreciation to the City's personnel for their assistance and cooperation during our audit.

Very truly yours,

BERBERICH TRAHAN & CO., P.A.

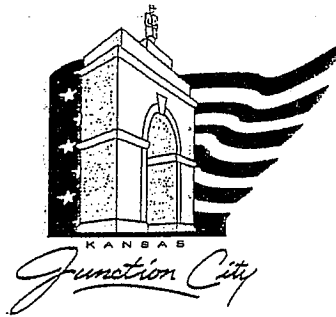
A handwritten signature in cursive script, reading "Karen K. Linn", is written in dark ink.

Karen K. Linn
Director

KKL:tls

Cheryl S. Beatty
Finance Director

cheryl.beatty@jcks.com
www.junctioncity-ks.gov



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Berberich Trahan & Co., P.A.
3630 SW Burlingame Road
Topeka, Kansas 66611-2050

In connection with your audit of the basic financial statements of the City of Junction City, Kansas (the City) as of and for the year ended December 31, 2009, we confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We acknowledge that you were not engaged to, and did not, audit the financial statements of the aggregate discretely presented component unit opinion unit.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have identified for you all organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, that are component units.
3. We have identified for you all of our funds, governmental functions and identifiable business-type activities.
4. We have properly classified all funds and activities.
5. We have properly determined and reported the major governmental and enterprise funds based on the required quantitative criteria.
6. We are responsible for compliance with laws and regulations applicable to the City including adopting, approving and amending budgets.
7. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
8. We have made available to you:
 - a. All financial records and related data of all funds and activities, including those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.
 - b. All minutes of the meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. All communications from grantors, lenders, other funding sources or regulatory agencies concerning noncompliance with:
 1. Statutory, regulatory or contractual provisions or requirements.
 2. Financial reporting practices that could have a material effect on the financial statements.

9. We have no knowledge of fraud or suspected fraud affecting the City involving:
 - a. Management or employees who have significant roles in the internal control.
 - b. Others where the fraud could have a material effect on the financial statements.
10. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, analysts, regulators, or others.
12. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the City's ability to record, process, summarize, and report financial data.
13. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
15. The following have been properly reflected and/or disclosed in the financial statements:
 - a. Related party transactions, including those with component units for which the City is accountable, as defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.
 - b. Guarantees, whether written or oral, under which the City is contingently liable.
 - c. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
 - d. Debt issue provisions.
 - e. All leases and material amounts of rental obligations under long-term leases.
 - f. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the Risks and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the financial statement date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
 - g. Authorized but unissued bonds and/or notes.
 - h. Risk financing activities.
 - i. Deposits and investment securities category of custodial credit risk.
 - j. The effect on the financial statements of accounting pronouncements which have been issued, but which we have not yet adopted.
 - k. Security agreements in effect under the Uniform Commercial Code.
 - l. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - m. The fair value of investments.

16. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectible amounts.
 - b. For pension obligations, post-retirement benefits other than pensions and deferred compensation agreements attributable to employee services rendered through December 31, 2009.
17. There are no:
 - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.
 - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standards Codification and/or GASB Statement No. 10.
 - d. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - e. Lines of credit or similar arrangements.
 - f. Agreements to repurchase assets previously sold.
 - g. Liabilities which are subordinated in any way to any other actual or possible liabilities.
 - h. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
 - i. Derivative financial instruments.
 - j. Special and extraordinary items.
 - k. Arbitrage rebate liabilities.
 - l. Impairments of capital assets.
18. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Contingencies Topic of the FASB Accounting Standards Codification and/or GASB Statement No. 10.
19. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
20. We have satisfactory title to all owned assets.
21. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
22. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.

23. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities and allocations have been made on a reasonable basis.
24. Revenues have been appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments or contributions to permanent fund principal.
25. Capital assets, including infrastructure assets, are properly capitalized, reported and depreciated.
26. Required supplementary information is properly measured and presented.
27. We are responsible for and have reviewed and approved the proposed adjustments to the trial balance identified during the audit, which are included in the adjusting journal entries attachment, and will post all adjustments accordingly. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.
28. The restatement of the financial statements as of and for the year ended December 31, 2008 because of the corrections of errors as stated in footnote 1 of the financial statements is appropriate. We agree with the restatement of the previously issued financial statements described in Note 1. In that regard:
 - a. The restatements correct errors in those financial statements.
 - b. We were not aware of the errors when those financial statements were issued.
 - c. We are not aware of any other errors in those financial statements.
 - d. We do not believe it is necessary to recall those financial statements and all users of those financial statements will receive a copy of the current year's financial statements and independent auditors' report.
29. No events or transactions other than those disclosed in the financial statements have occurred subsequent to the financial statement date that would require adjustment to, or disclosure in, the financial statements.
30. During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm:

1. We are responsible for:
 - a. Compliance with laws, regulations and provisions of contracts and grant agreements applicable to the City.
 - b. Establishing and maintaining effective internal control over financial reporting.
2. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.

3. We have identified and disclosed to you all violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
4. We have a process to track the status of audit findings and recommendations.
5. There are no previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken.
6. We have provided you with our views on your reported findings, conclusions and recommendations, as well as our planned corrective action for the report.
7. We have reviewed, approved, and take full responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.
8. We have reviewed, approved, and take full responsibility for all adjustments and acknowledge the auditor's role in the preparation of the adjustments.


In connection with your audit of federal awards conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, we confirm:

1. We are responsible for complying, and have complied, with the requirements of Circular A-133.
2. We have prepared the schedule of expenditures of federal awards in accordance with Circular A-133 and have included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance).
3. We are responsible for establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that the City is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on our federal programs.
4. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of the City's federal programs and have complied, in all material respects, with those requirements, other than as disclosed by you.
5. We have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
6. We have made available all contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies or pass-through entities related to federal programs.
7. There are no amounts questioned or any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.

8. We have charged costs to federal awards in accordance with applicable cost principles.
9. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
10. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
11. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
12. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Circular A-133.
13. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
14. We are not aware of any known noncompliance occurring subsequent to the period for which compliance is audited.
15. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies (including material weaknesses), have occurred subsequent of the date as of which compliance is audited.


Very truly yours,

CITY OF JUNCTION CITY, KANSAS



Gerry Vernon, City Manager

Date Signed 1/3/2011



Cheryl Beatty, Director of Finance

Date Signed 1-3-2011

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Cred
1	12/31/2009	TAXES RECEIVABLE	01-1-01-00-0104 01-GF	962,048.56	
1	12/31/2009	FUND BALANCE - UNRESERVED	01-3-01-00-0210 01-GF		1,047,876.6
1	12/31/2009	CITY SALES TAX	01-4-01-00-0321 01-GF	66,563.63	
1	12/31/2009	COUNTY SALES TAX	01-4-01-00-0322 01-GF	19,264.46	
		To adjust prior year tax receivable to actual.			
2	12/31/2009	FAA Grant Receivable	25-1-46-00-0199 25-CI		24,730.0
2	12/31/2009	Grant Proceeds - FAA Grants	25-4-46-00-0439 25-CI	24,730.00	
		Entry to remove grants receivable at year end.			
3	12/31/2009	Grant Receivable - Self Help Housing	02-1-13-00-0199 02-G	1,424.00	
3	12/31/2009	GRANT PROCEEDS	02-4-13-00-0439 02-G		1,424.0
		Entry to increase grants receivable to actual.			
4	12/31/2009	MACHINERY & EQUIPMENT	17-1-35-00-0148 17-RHG	15,360.00	
4	12/31/2009	LEASE PAYABLE	17-2-35-00-0250 17-RHG		15,360.0
		To adjust leases payable to actual			
5	12/31/2009	LEASE PURCHASE	26-5-26-00-0885 26-FE		6,206.00
5	12/31/2009	Interest Expense	26-5-26-00-0910 26-FE	6,206.00	
		To reclassify interest exp out of principal payments			
6	12/31/2009	STATE WATER LOAN PAYABLE	15-2-10-00-0276 15-W		2,000.0
6	12/31/2009	OTHER SERVICES	15-5-31-00-0749 15-W	2,000.00	
		To record loan origination fee as an addition to the outstanding loan payable balance			
7	12/31/2009	TAXES RECEIVABLE	01-1-01-00-0104 01-GF	222,715.13	
7	12/31/2009	FUND BALANCE - UNRESERVED	01-3-01-00-0210 01-GF		236,065.7
7	12/31/2009	FRANCHISE TAX - TELEPHONE	01-4-01-00-0306 01-GF	4,147.36	
7	12/31/2009	FRANCHISE TAX - CABLE TV	01-4-01-00-0307 01-GF		7,321.5
7	12/31/2009	FRANCHISE TAX - ELECTRIC	01-4-01-00-0308 01-GF		13,590.8
7	12/31/2009	FRANCHISE TAX - GAS	01-4-01-00-0309 01-GF	30,115.70	
		To adjust franchise fee receivables.			
8	12/31/2009	ACCRUED INTEREST	15-2-00-00-0203 15-W		88,624.0
8	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W	86,925.00	
8	12/31/2009	INTEREST	15-5-31-00-0910 15-W	1,699.00	
		To adjust accrued interest payable			
9	12/31/2009	Transfers in	12-5-00-00-9999 12-DS		359,248.0
9	12/31/2009	BONDS	12-5-31-00-0905 12-DS	106,675.00	
9	12/31/2009	INTEREST	12-5-31-00-0910 12-DS	252,573.00	

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Credit
9	12/31/2009	TRANSFERS OUT	18-5-00-00-9999 18-SW	359,248.00	
9	12/31/2009	BONDS	18-5-18-00-0905 18-SW		106,675.00
9	12/31/2009	INTEREST	18-5-18-00-0910 18-SW		252,573.00
To show transfer from stormwater to debt service for governmental bond payments					
10	12/31/2009	BOND ISSUE COSTS	15-1-00-00-0171 15-W	273,959.00	
10	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W		171,562.00
10	12/31/2009	TRANSFERS IN	15-4-00-00-9999 15-W		118,157.00
10	12/31/2009	AMORTIZATION EXPENSE	15-5-00-00-9998 15-W	15,760.00	
10	12/31/2009	Cost of Issuance - Expense	88-5-00-00-0171 88-CP		118,157.00
10	12/31/2009	Transfers Out	88-5-00-00-9999 88-CP	118,157.00	
To adjust bond issuance costs to actual					
11	12/31/2009	BOND ISSUE COSTS	15-1-00-00-0171 15-W		84,313.00
11	12/31/2009	NOTE REFUNDING	15-2-00-00-0290 15-W	84,313.00	
To properly record the deferred refunding difference					
12	12/31/2009	NOTE REFUNDING	15-2-00-00-0290 15-W		19,390.00
12	12/31/2009	AMORTIZATION EXPENSE	15-5-00-00-9998 15-W	19,390.00	
To record CY amortization on the deferred refunding difference					
13	12/31/2009	Unamortized bond premium	15-2-00-00-0277 15-W		92,737.00
13	12/31/2009	AMORTIZATION EXPENSE	15-5-00-00-9998 15-W		7,056.00
13	12/31/2009	TRANSFERS OUT	15-5-00-00-9999 15-W	99,793.00	
13	12/31/2009	Bond/Note Premium Received	88-4-00-00-0436 88-CP	99,793.00	
13	12/31/2009	Transfers In	88-4-00-00-9999 88-CP		99,793.00
To properly record premium on bonds and related amortization					
14	12/31/2009	ACCOUNTS PAYABLE	01-2-01-00-0200 01-GF		463,319.00
14	12/31/2009	FUND BALANCE - UNRESERVED	01-3-01-00-0210 01-GF	463,319.00	
Prior period adjustment for incorrect debit balance A/P that was rolled forward from the prior year					
15	12/31/2009	ACCUM DEPRECIATION BUILDINGS	15-1-00-00-0166 15-W		8,392.00
15	12/31/2009	ACCUM DEPRECIATION MACHINERY	15-1-00-00-0168 15-W		320,146.00
15	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W	328,538.00	
Prior period adjustment to adjust A/D to actual.					
16	12/31/2009	MACHINERY & EQUIPMENT	15-1-00-00-0148 15-W	26,564,931.00	
16	12/31/2009	ACCUM DEPRECIATION BUILDINGS	15-1-00-00-0166 15-W		440,141.00
16	12/31/2009	ACCUM DEPRECIATION VEHICLES	15-1-00-00-0167 15-W		6,364.00
16	12/31/2009	ACCUM DEPRECIATION MACHINERY	15-1-00-00-0168 15-W		1,256,272.00
16	12/31/2009	ACCUM DEPRECIATION FURN/FIX	15-1-00-00-0169 15-W		127.00
16	12/31/2009	CONTRIBUTED CAPITAL	15-4-00-00-0499 15-W		26,564,931.00
16	12/31/2009	DEPRECIATION EXPENSE	15-5-00-00-0424 15-W	1,702,904.00	

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Cred
Client prepared entry to record CY additions, contributed capital and depreciation.					
17	12/31/2009	ACCUM DEPRECIATION MACHINERY	23-1-44-00-0168 23-S		1,937.00
17	12/31/2009	ACCUM DEPRECIATION FURN/FIX	23-1-44-00-0169 23-S		5.00
17	12/31/2009	DEPRECIATION	23-5-00-00-0956 23-S	1,942.00	
To record depreciation expense for the Sanitation department.					
18	12/31/2009	ACCUM DEPRECIATION BUILDINGS	17-1-35-00-0166 17-RHG		3,529.00
18	12/31/2009	ACCUM DEPRECIATION MACHINERY	17-1-35-00-0168 17-RHG		76,826.00
18	12/31/2009	DEPRECIATION EXPENSE	17-5-00-00-0956 17-RHG	80,355.00	
To record depreciation for Rolling Meadows Golf Course.					
19	12/31/2009	Land	10-1-00-00-0145 10-FCS		137,117.00
19	12/31/2009	BUILDINGS	10-1-00-00-0146 10-FCS	137,117.00	
To reclass skating rink capital assets between classes					
20	12/31/2009	NOTES RECEIVABLE	52-1-00-00-0140 52-RL	100,000.00	
20	12/31/2009	NOTES RECEIVABLE	52-1-00-00-0140 52-RL		31.00
20	12/31/2009	NOTES RECEIVABLE	52-1-00-00-0140 52-RL	390,599.00	
20	12/31/2009	FUND BALANCE - UNRESERVED	52-3-00-00-0210 52-RL		390,599.00
20	12/31/2009	MISCELLANEOUS	52-4-00-00-0421 52-RL	181,331.00	
20	12/31/2009	OTHER PROFESSIONAL	52-5-52-00-0749 52-RL		100,000.00
To adjust prior period and current period revolving loan receivables.					
21	12/31/2009	MISC AR - SPECIAL LOANS	25-1-46-00-0120 25-CI		234,675.00
21	12/31/2009	Bad Debt Expense	25-1-46-00-0900 25-CI	234,675.00	
To write off uncollectible receivable					
22	12/31/2009	INTERFUND PAYABLE	22-2-43-00-0213 22-SH		2,597,668.00
22	12/31/2009	Transfers out	22-5-00-00-0531 22-SH	2,597,668.00	
22	12/31/2009	INTERFUND RECEIVABLE	88-1-00-00-0115 88-CP	2,597,668.00	
22	12/31/2009	Transfers In	88-4-00-00-9999 88-CP		2,597,668.00
CJE to properly record transfer from SH to CP					
23	12/31/2009	LEASE PURCHASE	50-5-00-00-0885 50-LET		1,452.00
23	12/31/2009	Interest expense	50-5-00-00-0910 50-LET	1,452.00	
CJE to reclass interest expense					
24	12/31/2009	INTERFUND PAYABLE	15-2-00-00-0213 15-W	270,000.00	
24	12/31/2009	MISCELLANEOUS	15-4-00-00-0421 15-W		270,000.00
24	12/31/2009	INTERFUND RECEIVABLE	88-1-00-00-0115 88-CP		270,000.00
24	12/31/2009	Other services	88-5-05-00-0749 88-CP	270,000.00	

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Credit
CJE to record amount due to Fund 15 for the cost of water meters					
25	12/31/2009	Due to Other Funds	01-2-00-00-0213 01-GF		494,199.00
25	12/31/2009	Transfers to Other Funds	01-5-01-00-0531 01-GF	345,729.00	
25	12/31/2009	OTHER SERVICES	01-5-03-00-0749 01-GF	148,470.00	
25	12/31/2009	INTERFUND RECEIVABLE	88-1-00-00-0115 88-CP	494,199.00	
25	12/31/2009	OTHER SERVICES	88-5-00-00-0749 88-CP		148,470.00
25	12/31/2009	Transfers Out	88-5-00-00-9999 88-CP		345,729.00
CJE to reclassify activity for cash transfers from Fund 88 to GF and grants					
26	12/31/2009	INTERFUND PAYABLE	22-2-43-00-0213 22-SH		992,658.00
26	12/31/2009	FUND BALANCE - UNRESERVED	22-3-43-00-0210 22-SH	992,658.00	
26	12/31/2009	INTERFUND RECEIVABLE	88-1-00-00-0115 88-CP	992,658.00	
26	12/31/2009	FUND BALANCE - UNRESERVED	88-3-03-00-0210 88-CP		992,658.00
CJE - PPA for interfund payables					
27	12/31/2009	Due to Other Funds	01-2-00-00-0213 01-GF	106,847.00	
27	12/31/2009	TRANSFERS REC'D FROM OTHER FUNDS	01-4-01-00-0431 01-GF		106,847.00
27	12/31/2009	INTERFUND PAYABLE	15-2-00-00-0213 15-W	53,937.00	
27	12/31/2009	TRANSFERS IN	15-4-00-00-9999 15-W		53,937.00
27	12/31/2009	INTERFUND PAYABLE	22-2-43-00-0213 22-SH		357,351.00
27	12/31/2009	Transfers out	22-5-00-00-0531 22-SH	357,351.00	
27	12/31/2009	Interfund payable	25-2-46-00-0213 25-CI		744,085.00
27	12/31/2009	Transfers out	25-5-00-00-0531 25-CI	744,085.00	
27	12/31/2009	INTERFUND RECEIVABLE	88-1-00-00-0115 88-CP	940,652.00	
27	12/31/2009	Transfers In	88-4-00-00-9999 88-CP		940,652.00
CJE to record due to/from's for capital projects					
28	12/31/2009	A/D - improvements	10-1-00-00-0168 10-FCS		31,455.00
28	12/31/2009	FUND BALANCE - UNRESERVED	10-3-10-00-0210 10-FCS		912,188.00
28	12/31/2009	Contributed Capital	10-4-00-00-4999 10-FCS	943,643.00	
CJE for PPA for contributed capital					
29	12/31/2009	ACCUMULATED DEPRECIATION BUILDINGS	10-1-00-00-0166 10-FCS		9,875.00
29	12/31/2009	A/D - improvements	10-1-00-00-0168 10-FCS		31,455.00
29	12/31/2009	DEPRECIATION EXPENSE	10-5-00-00-0424 10-FCS	41,330.00	
CJE to record depreciation for skating rink					
30	12/31/2009	Improvements	18-1-00-00-0148 18-SW	13,561,619.00	
30	12/31/2009	A/D - Improvements	18-1-00-00-0168 18-SW		271,232.00
30	12/31/2009	Contributed capital	18-4-00-00-4999 18-SW		13,561,619.00
30	12/31/2009	Depreciation expense	18-5-00-00-0956 18-SW	271,232.00	
CJE to record stormwater capital asset additions					

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Crec
31	12/31/2009	Special assessments receivable	12-1-00-00-0199 12-DS	43,658,884.00	
31	12/31/2009	Deferred revenue - specials	12-2-00-00-0299 12-DS		43,658,884.00
		CJE to record special assessments receivable			
32	12/31/2009	NOTES RECEIVABLE	01-1-01-00-0140 01-GF		665,268.00
32	12/31/2009	FUND BALANCE - UNRESERVED	01-3-01-00-0210 01-GF	665,268.00	
		To write off uncollectible amount			
33	12/31/2009	Transfers In	25-4-00-00-9999 25-CI		200,000.00
33	12/31/2009	MISCELLANEOUS	25-4-46-00-0421 25-CI	200,000.00	
33	12/31/2009	NOTES RECEIVABLE	88-1-00-00-0140 88-CP	100,000.00	
33	12/31/2009	NOTES RECEIVABLE	88-1-00-00-0140 88-CP		200,000.00
33	12/31/2009	Allowance for Doubtful Accounts	88-1-00-00-0141 88-CP		160,000.00
33	12/31/2009	Bad Debt Expense	88-1-00-00-0900 88-CP	160,000.00	
33	12/31/2009	FUND BALANCE - UNRESERVED	88-3-03-00-0210 88-CP		100,000.00
33	12/31/2009	Transfers Out	88-5-00-00-9999 88-CP	200,000.00	
		To establish allowance for doubtful accounts			
34	12/31/2009	ALLOWANCE FOR UNCOLLECTABLE	15-1-00-00-0108 15-W		172,420.00
34	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W	114,367.00	
34	12/31/2009	Bad Debt Expense	15-3-00-00-0900 15-W	58,053.00	
34	12/31/2009	ALLOWANCE FOR UNCOLLECTABLE	18-1-00-00-0108 18-SW		2,634.00
34	12/31/2009	Bad Debt Expense	18-3-00-00-0900 18-SW	2,634.00	
34	12/31/2009	ALLOWANCE FOR UNCOLLECTABLE	23-1-44-00-0108 23-S		17,949.00
34	12/31/2009	Bad Debt Expense	23-3-00-00-0900 23-S	8,873.00	
34	12/31/2009	FUND BALANCE - UNRESERVED	23-3-44-00-0210 23-S	9,076.00	
		To set up bad debt and adjust allowance on utilities receivable			
35	12/31/2009	ACCOUNTS PAYABLE	01-2-01-00-0200 01-GF		138,349.00
35	12/31/2009	FUND BALANCE - UNRESERVED	01-3-01-00-0210 01-GF	133,028.00	
35	12/31/2009	CONTRACT OPERATIONS	01-5-25-00-0797 01-GF	5,321.00	
35	12/31/2009	ACCOUNTS PAYABLE CLAIM	15-2-00-00-0200 15-W		319,008.00
35	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W	310,034.00	
35	12/31/2009	CONTRACT OPERATIONS	15-5-33-00-0797 15-W	8,542.00	
35	12/31/2009	CONTRACT OPERATIONS	15-5-47-00-0797 15-W	433.00	
35	12/31/2009	ACCOUNTS PAYABLE CLAIM	23-2-00-00-0200 23-S		75,451.00
35	12/31/2009	FUND BALANCE - UNRESERVED	23-3-44-00-0210 23-S	82,247.00	
35	12/31/2009	CONTRACT OPERATIONS	23-5-44-00-0797 23-S		6,797.00
		To record contract operations expense to actual			
36	12/31/2009	ADVALOREM TAX	01-4-01-00-0301 01-GF	28,675.82	
36	12/31/2009	INTERGOVERNMENTAL	01-4-01-00-0401 01-GF		28,675.82
36	12/31/2009	INTERGOVERNMENTAL	12-4-01-00-0401 12-DS		838.60
36	12/31/2009	ADVALOREM TAX	12-4-31-00-0301 12-DS	6,838.69	
36	12/31/2009	ADVALOREM TAX	19-4-37-00-0301 19-ED	1,631.73	
36	12/31/2009	INTERGOVERNMENTAL	19-4-37-00-0401 19-ED		1,631.73
36	12/31/2009	INTERGOVERNMENTAL	20-4-01-00-0401 20-L		4,242.94
36	12/31/2009	ADVALOREM TAX	20-4-38-00-0301 20-L	4,242.94	

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Credit
36	12/31/2009	INTERGOVERNMENTAL	30-4-01-00-0401 30-UC		3,718.39
36	12/31/2009	ADVALOREM TAX	30-4-47-00-0301 30-UC	3,718.39	
36	12/31/2009	INTERGOVERNMENTAL	35-4-01-00-0401 35-EB		15,902.16
36	12/31/2009	ADVALOREM TAX	35-4-35-00-0301 35-EB	15,902.16	
To reclass machinery and equipment and tele comm revenue from the county.					
38	12/31/2009	Intergovernmental Receivable	01-1-01-00-0108 01-GF	136,263.00	
38	12/31/2009	INTERGOVERNMENTAL	01-4-18-00-0401 01-GF		136,263.00
To record unbooked receivable					
39	12/31/2009	BAD DEBT EXPENSE	10-1-00-00-0900 10-FCS	16,717.00	
39	12/31/2009	ACCOUNTS RECEIVABLE	10-1-10-00-0107 10-FCS		16,717.00
To write off receivable.					
40	12/31/2009	NOTES RECEIVABLE	88-1-00-00-0140 88-CP		242,701.00
40	12/31/2009	FUND BALANCE - UNRESERVED	88-3-03-00-0210 88-CP	242,701.00	
To record misposted receivable as a PPA					
41	12/31/2009	HOME Grant Receivable	02-1-12-00-0199 02-G	2,929.00	
41	12/31/2009	FUND BALANCE - UNRESERVED	02-3-07-00-0210 02-G		102,557.00
41	12/31/2009	Grant Proceeds - HOME Grant	02-4-12-00-0439 02-G	99,628.00	
To adjust HOME grant to actual					
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	01-2-00-00-0200 01-GF		51,463.00
42	12/31/2009	REP. & MAINT. OF DATA PROCESS.	01-5-02-00-0714 01-GF	20,250.00	
42	12/31/2009	OTHER SERVICES	01-5-03-00-0749 01-GF	31,213.00	
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	02-2-00-00-0200 02-G		51,590.00
42	12/31/2009	Miscellaneous Equipment	02-5-16-00-0835 02-G	51,590.00	
42	12/31/2009	MACHINERY & EQUIPMENT	15-1-00-00-0148 15-W	133,500.00	
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	15-2-00-00-0200 15-W		147,898.00
42	12/31/2009	SALES USE TAX	15-5-34-00-0776 15-W	14,398.00	
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	22-2-00-00-0200 22-SH		5,214.00
42	12/31/2009	ENGINEERING SERVICES	22-5-16-00-0728 22-SH	5,214.00	
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	25-2-00-00-0200 25-CI		2,071.00
42	12/31/2009	ENGINEERING SERVICES	25-5-46-00-0728 25-CI	2,071.00	
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	35-2-00-00-0200 35-EB	82,724.00	
42	12/31/2009	WORKERS COMPENSATION	35-5-35-00-0540 35-EB		82,724.00
42	12/31/2009	COST OF ISSUANCE-Expense	88-1-00-00-0171 88-CP	630.00	
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	88-2-00-00-0200 88-CP		604,780.00
42	12/31/2009	CONTRACTORS AGREEMENT	88-5-03-00-0701 88-CP	228,482.31	
42	12/31/2009	CONTRACTORS AGREEMENT	88-5-72-00-0701 88-CP	375,667.69	
To adjust A/P to actual					
43	12/31/2009	Grants Receivable	02-1-99-00-0199 02-G	51,590.00	
43	12/31/2009	Grant Proceeds	02-4-99-00-0439 02-G		51,590.00

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Crec
(To record grant matching for A/P recorded)					
44	12/31/2009	LEASE PURCHASE	01-5-14-00-0885 01-GF	10,152.00	
44	12/31/2009	Interest Expense	01-5-14-00-0910 01-GF		10,152.00
44	12/31/2009	LEASE PAYABLE-NON CURRENT	15-2-10-00-0250 15-W	15,295.00	
44	12/31/2009	OTHER SERVICES	15-5-33-00-0749 15-W		15,295.00
To adjust leases payable to actual					
45	12/31/2009	MISCELLANEOUS	01-4-01-00-0421 01-GF	10,875.00	
45	12/31/2009	SALE OF FIXED ASSETS	01-4-01-00-0422 01-GF		10,875.00
Reclass proceeds from sales of capital asses					
46	12/31/2009	MACHINERY & EQUIPMENT	15-1-00-00-0148 15-W		66,058,257.00
46	12/31/2009	Infrastructure	15-1-00-00-0150 15-W	62,004,301.00	
46	12/31/2009	ACCUM DEPRECIATION INFRASTRUCTURE	15-1-00-00-0165 15-W		24,519,276.00
46	12/31/2009	ACCUM DEPRECIATION VEHICLES	15-1-00-00-0167 15-W	10,301.00	
46	12/31/2009	ACCUM DEPRECIATION MACHINERY	15-1-00-00-0168 15-W	24,590,198.00	
46	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W		22,506,823.00
46	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W		4,152.00
46	12/31/2009	CONTRIBUTED CAPITAL	15-4-00-00-0499 15-W	26,564,931.00	
46	12/31/2009	DEPRECIATION EXPENSE	15-5-00-00-0424 15-W		33.00
To adjust capital assets to actual and record PPA for water/sewer assets classified as governmental assets in the PY					
47	12/31/2009	Improvements	18-1-00-00-0148 18-SW		1,954,524.00
47	12/31/2009	A/D - Improvements	18-1-00-00-0168 18-SW	39,090.00	
47	12/31/2009	FUND BALANCE - UNRESERVED	18-3-18-00-0210 18-SW		11,607,095.00
47	12/31/2009	Contributed capital	18-4-00-00-4999 18-SW	13,561,619.00	
47	12/31/2009	Depreciation expense	18-5-00-00-0956 18-SW		39,090.00
To adjust stormwater assets to actual					
48	12/31/2009	MISCELLANEOUS	01-4-01-00-0421 01-GF		100,516.00
48	12/31/2009	MISC. EQUIPMENT	01-5-23-00-0835 01-GF	100,516.00	
To gross up miscellaneous reimbursement related to software conversion					
49	12/31/2009	Proceeds from Revolving Fund Loans	22-4-43-00-0907 22-SH		102,208.00
49	12/31/2009	INTEREST	22-5-43-00-0910 22-SH	102,208.00	
To record capitalized interest and fees added to principal balance on KDOT loans					
50	12/31/2009	CONSTRUCTION IN PROGRESS	15-1-00-00-0170 15-W		474,348.00
50	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W	474,348.00	
To write-off CIP costs that could not be substantiated					
51	12/31/2009	Infrastructure	15-1-00-00-0150 15-W	270,000.00	

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Credit
51	12/31/2009	Infrastructure	15-1-00-00-0150 15-W	653,970.00	
51	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W		653,970.00
51	12/31/2009	CONTRIBUTED CAPITAL	15-4-00-00-0499 15-W		270,000.00
51	12/31/2009	Improvements	18-1-00-00-0148 18-SW		
51	12/31/2009	Construction in progress	18-1-00-00-0149 18-SW	243,652.00	
51	12/31/2009	FUND BALANCE - UNRESERVED	18-3-18-00-0210 18-SW		78,917.00
51	12/31/2009	Contributed capital	18-4-00-00-4999 18-SW		164,735.00

To move capital projects from
governmental activities to water/sewer and stormwater

234,714,562.57 234,714,562.57

Net Income (Loss) 53,049,684.00

